

Message Text

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TO AMEMBASSY FREETOWN

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TAGS: OTRA, US, SL

SUBJ: VISIT OF EXIM OFFICIALS TO FREETOWN FOR LEGAL

CLOSING IN CONNECTION WITH TRANSFER OF SHERBRO MINERALS

SUMMARY: EXIMBANK OFFICIALS ACCOMPANIED BY SENIOR REPRESENTATIVES BETHLEHEM STEEL AND NORD RESOURCES WILL ARRIVE IN FREETOWN ON SEPTEMBER 24. PURPOSE OF VISIT CONCERNS LEGAL CLOSING FOR TRANSFER OF ASSETS FROM SHERBRO MINERALS LTD. BY THE RECEIVER TO SIERRA RUTILE LTD. AND TO SETTLE REMAINING OUTSTANDING PROBLEMS WITH GOSL. PROTOCOL MEETING WITH PRESIDENT STEVENS ALSO PLANNED FOR SEPTEMBER 27.

1. EIB OFFICIALS WILL ARRIVE IN FREETOWN WEEK OF SEPTEMBER 24. OFFICIALS ARE MR. MITCHELL KOBELINSKY, DIRECTOR; MR PATRICK MALLOY, LOAN OFFICER; AND MR CHARLES GABA, COUNSEL. WILL INFORM ACTUAL ARRIVAL/DEPARTURE DATES WHEN KNOWN.

2. PURPOSE OF VISIT IS PARTICIPATION IN LEGAL CLOSING SCHEDULED FOR SEPTEMBER 27 DURING WHICH ASSETS OF SHERBRO
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MINERALS LTD. WILL BE TRANSFERRED BY THE RECEIVER TO SIERRA

RUTILE LTD. CLOSING WILL ALSO BE ATTENDED BY REPRESENTATIVES OF BETHLEHEM STEEL CORP., ORD RESOURCES CORP., SIERRA RUTILE LTD. (SRL), AND THE RECEIVER, PEAT, MARWICK, MITCHELL AND CO. A PROTOCOL MEETING INVOLVING THE ABOVE PERSONS HAS BEEN REQUESTED BY SRL WITH PRESIDENT STEVENS FOR SEPTEMBER 27. THIS MEETING HAS NOT BEEN CONFIRMED. EXIMBANK REQUESTS AMBASSADOR ALSO ATTEND AND SUGGESTS DETAILS BE ARRANGED WITH FRASER OF SRL.

3. ONE STILL UNRESOLVED MATTER IN CONNECTION WITH THIS TRANSACTION INVOLVES THE QUESTION OF A GOSL EXEMPTION FROM WITHHOLDING TAXES ON THE INTEREST TO BE EARNED BY EIB ON ITS NOTE FROM SIERRA RUTILE. SUCH AN EXEMPTION WAS OBTAINED FOR INTEREST PAID BY SHERBRO MINERALS TO EIB AND MATTER WAS DISCUSSED WITH GOSL OFFICIALS IN NOVEMBER 1971. INDICATION FROM GOSL WAS THAT THERE WOULD BE NO PROBLEM IN OBTAINING SUCH AN EXEMPTION. AT THAT TIME A LETTER FROM EIB REQUESTING EXEMPTION WAS DELIVERED TO THE MINISTER OF FINANCE. NO REPLY WAS RECEIVED. WE NOW PROPOSE TO PRESS QUESTION BY DELIVERY BY AMEMBASSY TO MINISTER OF FINANCE OF FOLLOW-UP LETTER. THIS LETTER WILL BE CABLED TO AMEMBASSY FREETOWN FOR DELIVERY AND EIB DELEGATION WILL HAND-CARRY SIGNED ORIGINAL. EIB OFFICIALS WILL THEN FOLLOW UP IN FREETOWN DURING VISIT.

4. REALIZE DELIVERY LETTER MAY BRING FORTH GSL QUESTIONS RE DISPOSITION ITS DIPLOMATIC NOTES RE SHERBRO MINERALS TAXES ALLEGEDLY OWED BY FNCB OR PPG. IF QUESTION RAISED, EMBASSY SHOULD REPLY THAT DEPARTMENT STILL ATTEMPTING GATHER ADDITIONAL FACTS FROM FNCB AND PPG. FYI: ALTHOUGH WE NOT YET READY TO RESPOND OFFICIALLY TO GSL NOTE, DEPARTMENT'S VIEW THUS FAR IS AGAINST OUR INTERVENTION AND THAT GSL SHOULD TAKE MATTER UP WITH FNCB DIRECTLY OR THROUGH ITS ATTORNEY. RUSH

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